

Assembly Bill No. 384

CHAPTER 484

An act to amend Sections 6471, 6472, and 6477 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 27, 1999. Filed
with Secretary of State September 27, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

AB 384, Jackson. Sales and use taxes: prepayments.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides that, under specified circumstances, the State Board of Equalization may require any person whose sales and use tax liability exceeds a specified amount to prepay that tax liability. Existing law provides for a prepayment amount and due date for the first, third, and fourth calendar quarters different than for the second calendar quarter.

This bill would revise the prepayment requirements for the 2nd calendar quarter. The bill would make related changes.

The people of the State of California do enact as follows:

SECTION 1. Section 6471 of the Revenue and Taxation Code, as added by Chapter 106 of the Statutes of 1985, is amended to read:

6471. (a) Upon written notification by the board, any person whose estimated measure of tax liability under this part averages seventeen thousand dollars (\$17,000) or more per month, as determined by the board, shall, without regard to the measure of tax in any one month make prepayments as prescribed in this section.

(1) In the first, third, and fourth calendar quarters, the person shall prepay not less than 90 percent of the amount of state and local tax liability for each of the first two monthly periods of each quarterly period.

(2) In the second calendar quarter, the person shall prepay a first prepayment of 90 percent of the amount of state and local tax liability for the first monthly period of each quarterly period and a second prepayment of either of the following:

(A) Ninety percent of the amount of state and local tax liability for the second monthly period of the quarterly period, plus 90 percent of the amount of state and local tax liability for the first 15 days of the third monthly period of the quarterly period.

(B) Ninety percent of the amount of state and local tax liability for the second monthly period of the quarterly period, plus 50 percent

of 90 percent of the amount of the liability for the second monthly period of the quarterly period.

(b) Persons engaged in their present business during all of the corresponding quarterly period of the preceding year, or persons who are successors to a business that was in operation during all of that quarterly period, may satisfy the above monthly prepayment requirements for the first, third, and fourth calendar quarters by payment of an amount equal to one-third of the measure of tax liability reported on the return or returns filed for that quarterly period of the preceding year multiplied by the state and local tax rate in effect during the month for which the prepayment is made.

The persons may satisfy their prepayment requirements for the second calendar quarter by making a first prepayment of an amount equal to one-third of the measure of tax liability reported, and a second prepayment of an amount equal to one-half of the measure of tax liability reported, on the return or returns filed for that quarterly period of the preceding year multiplied by the state and local tax rate in effect during the month for which the prepayment is made.

Prepayments shall be made during the quarterly periods designated by the board and during each succeeding quarterly period until further notified in writing by the board.

SEC. 2. Section 6472 of the Revenue and Taxation Code is amended to read:

6472. Except in the case of persons required to remit amounts due in accordance with Article 1.2 (commencing with Section 6479.3), for purposes of Section 6471, prepayment shall be accompanied by a report of the amount of the prepayment in a form prescribed by the board and shall be made to the board as follows:

(a) In the first, third, and fourth calendar quarters, on or before the 24th day next following the end of each of the first two monthly periods of each quarterly period.

(b) In the second calendar quarter as follows:

(1) The first prepayment on or before the 24th day next following the end of the first monthly period of each quarterly period.

(2) The second prepayment on or before the 24th day of the third monthly period of each quarterly period for the second monthly period and the first 15 days of the third monthly period of each quarterly period.

SEC. 3. Section 6477 of the Revenue and Taxation Code, as amended by Section 5 of Chapter 337 of the Statutes of 1983, is amended to read:

6477. Any person required to make a prepayment pursuant to Section 6471 or Section 6471.5 who fails to make a prepayment before the last day of the monthly period following the quarterly period in which the prepayment became due and who files a timely return and payment for the quarterly period in which the prepayment became

due shall pay a penalty of 6 percent of the amount equal to 90 percent of the tax liability, as prescribed in those sections, for each of the periods during that quarterly period for which a required prepayment was not made.

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